General and Revenue Secretariat,

Bangalore, 23rd July 1923.

110(6)

From

The Chief Secretary to the Government of
His Highness the Maharaja of Mysore.

To

The Secretary to the Hon'ble the Resident
in Mysore, Camp Simla.

Sir,

I am directed to acknowledge the receipt of your confidential letter No. 2534/221 dated the 7th May 1923 on the subject of Surplus Revenues of the Assigned Tract of Bangalore, and to state that His Highness's Government feel greatly disappointed that the representations which they made in my letter No. 455 dated the 15th October 1920 and also in several other subsecuent communications have not resulted in any satisfactory solution of this long pending controversy. They are, therefore, reluctantly compelled to make a further representation on the subject and express the hope that the Government of India will be pleased to consider them in a fair and sympathetic spirit.

2. In the first place, they desire to express their acknowledgments to the Government of India for the payment of Rs. 13½ lakhs out of the surpluses withheld for the 3 years commencing from 1918-19 out of the total sum of Rs. 34 lakhs, which include the reserve of Rs. 5 lakhs contributed from the surpluses of the years 1911-12 to 1917-18. There is thus a balance of Rs. 20½ lakhs still withheld and it is stated that this will be expended for carrying out the schemes enumerated in paragraph 4 of your letter under reply, which are estimated to cost a sum of Rs. 21,40,200/-. Further reference will be made at a later stage in this letter to the nature of the scheme in contemplation as well as to the procedure suggested for the future, but His Highness' Government would again, - without

reiterating all the arguments and reasons which they have repeatedly urged, submit for the consideration of the Government of India that the solution now offered by them in regard to the withheld surpluses as well as to surpluses that would accrue hereafter, constitutes in all essential respects a radical departure from the policy enunciated in 1912.

It has been repeatedly and consistently urged that the principles underlying the settlement of 1912 should not be departed from. That settlement was perfectly clear and equitable and the Government of Mysore cannot persuade themselves to believe that a virtual repudiation thereof is now contemplated. It had established a smooth, workable system and no difficulty or doubt was experienced by either party in giving effect to its provisions. The surplus was calculated and handed over to the Durbar in accordance with pro-forma accounts pertaining not to one or two years but for a long period of 36 years, viz., 30 years prior and 6 years subsequent to the decision. The only point left for further consideration was as regards the charges coming under the heads Education, Sanitary, and Medical and even there a hope was expressed by the then Resident that a "satisfactorydecision will be reached in due course." The following extract from his letter dated the 11th December 1913 explains the position. "I am , however, in correspondence with the Government of India on the question of what proportion of these grants and of any similar grants made hereafter may, in fairness, be debited to the revenues of the Assigned Tract and what proportion should be met from Imperial revenues." There was no question then of debiting to the Assigned Tract revenues the entire charges incurred on these two objects; and as a matter of fact, a share of such expenditure was actually borne by the Imperial revenues until March 1916 -- please see Residency letter dated August 2nd, 1917.

4. But Major James' letter of 2nd August 1917 proposed for the first time to modify the settlement of 1912 by

creating a reserve of Rs. 5 lakhs from the annual surpluses. The same officer's letter of the 5th December 1918, went very much further; it was stated that any particular payment made in accordance with the general principles both as regards its amount and the amount of its calculation is an act of grace, the Durbar not being entitled as a matter of right to claim the whole or any part of the revenues of the Tract. In the ~~circumstances~~ communication now received, a more stringent reservation is proposed, viz., that such surplus will only be paid after the "administrative needs of the station had been met including special grants for development purposes" and it is also laid down that "while it is held that the Mysore Government cannot claim as a right to be consulted in regard to the schemes for the internal development of Bangalore, regarding which negotiations with them are not essential, important schemes of this description will be referred informally to the Durbar if the Resident considers that their interest is affected otherwise than by merely reducing the surplus."

5. The Durbar desire once more to emphazise the fact that no difficulty was experienced in giving effect to the Settlement of 1912 till the year 1917, when a new interpretation was sought to be put on the whole transaction and new meanings read into what had been stated to be "frank pronouncements of policy". The Government of Mysore are gratified to note that the claim of the State to the surplus is no longer disputed and that it is reaffirmed in your letter that the Government of India have decided that in accordance with the principles already laid down, it is not the intention of Government to enrich the revenues of the British India from the Assigned Tract, and in virtue of that intention, Government will pay the annual surpluses to the Mysore Government.

The Durbar must, however, explain their views generally in regard to the administrative needs and development schemes in the Civil and Military Station, the cost of which is intended to

be debited to the revenues of the Assigned Tract. They are certainly not averse to a reasonable share of these revenues bein, so debited, but they regret that they cannot agree to the many new conditions and principles introduced in your letter which virtually deprive them of any real voice in determining that share and which tantamount to a reversal of the policy that was settled after long discussion in 1912.

6. The Durbar apprehend that the solution now offered viz., that the annual surplus will be paid after the administrative needs of the Station have been met including grants for development purposes is not only at variance with the settlement of 1912 in essential respects, but is also too vague and indefinite to preclude any possibility of furtner controversy between the Government of India and His Highness's Government, which has for so long - to quote the words of your letter -- "been such a source of vexation no less to the Residency than to the Durbar."

7. It is necessary to state, in the first place, that the administrative needs can only relate to the ordinary recurring and non-recurring charges of the Civil adminstration of the Tract and should not include those arising directly or indirectly or even partially from the occupation of the area as a Military Station. Secondly, the Government of Mysore cannot agree to the inclusion under administrative needs or as a separate charge, of special grants for development purposes, without a clear understanding as to the character of the schemes and the principles on which the grants for such schemes should be made. The present proposal introduced a new principle altogether. His Highness' Government welcome the declaration that they would be consulted in regard to the commitments involved in such development measures in future, but are unable to see why they were not consulted in respect of the projects enumerated in your letter. These, if examined carefully, would justify their apprehension that under administrative needs including special grants for development purposes, many schemes

may be contemplated which should not be rightly debited to the surplus revenues.

8. Were any proof needed to justify the fear which they entertain as to the disposal of future surpluses in accordance with the policy of the Government of India adumbrated in your letter under reply, it is amply furnished by the schemes mentioned in your letter, which have already obtained the approval of the Government of India and are to be started almost at once. The Durbar can only express surprise at the proposal to finance such projects out of the surplus revenues. It may be asked if the cost of the market and of the pumping plant in connection with the Grass Farm and the sewage scheme, which are productive works, are debited to the assigned Tract revenues whether it is contemplated that the income derived from them should be credited to the same head and not to the Municipal Commission. The housing of the poor and the opening out of the slum areas are both works which have never been charged to the Assigned Tract revenue before. Such works are generally carried out by the Municipalities themselves everywhere either from their own revenues or from loans. The proposal to contribute Rs 1,14,500 for the improvement of roads is no less extra-ordinary. The grants proposed for the schools have hitherto come partly, if not chiefly, from Imperial Revenues. The proposal is directly opposed to the oft-expressed intention of the Government of India not to benefit the Imperial Exchequer at the expense of the revenues of the Tract, and which has now been reiterated in your letter under reply. Nor is it clear why the Good Shepherd Convent Scheme should be financed from the Assigned Tract Revenues. No information has been furnished about Rs 81000 proposed to be spent for the schools (item 9). To say that the surplus, after meeting the cost of new development schemes, will be handed over annually is tantamount to refusing payment altogether; for, it is inconceivable that the whole of the available revenues of the Assigned Area cannot be used up on various

schemes of developing it, if only the money were forthcoming.

9. Another serious objection to the proposal is that the procedure contemplates the recommendations of the Municipal Commission of the Civil and Military Station in regard to the expenditure out of the surplus being considered by the Government of India along with those of the Resident. The Durbar would submit that the Municipal Commission have never had in the past, and cannot be admitted to have in the future a voice in any understanding that might be reached between the Government of India and the Mysore Government, in regard to the disposal of the surplus revenues of the Assigned Tract.

10. While gratefully appreciating, therefore, the desire on the part of the Government of India to lay down a clear and definite policy on a basis equitable to both parties, the Durbar fear that any attempt to debit the surplus with charges that should clearly fall on Municipal revenues and resources or be met from special grants, does not furnish a proper or workable solution of the difficulty, and is likely to be a continuous source of friction in the future.

11. In these circumstances, I am to express the earnest hope of the Durbar that a clear and definite understanding be arrived at which will keep in view the underlying principles of the settlement of 1912, so that the revenues of the Assigned Tract may not be debited with items of expenditure which are not properly chargeable to them.

I have the honour to be,
Sir,
Your most obedient servant,

Chief Secretary to Government.

(Intd. A.R.R.)
24-7-1923.